

## 2010 Federal Budget Report Summary

How it will affect you:

### PERSONAL TAXATION

50% savings discount for interest income

- 50% tax discount on up to \$1,000 interest earned
- Applies from 1 July 2010

Standard deduction for work-related expenses

- Standard deduction of \$500 for work-related expenses & cost of managing tax affairs
- Applies from 1 July 2012
- Standard deduction increases to \$1,000 for work-related expenses & cost of managing tax affairs
- Applies from 1 July 2013
- Taxpayers with deductions over the standard amount can lodge returns as per normal

Personal Tax Rates

- The personal tax rates for the year commencing 1 July 2010 will be as follows:

Taxable Income	Tax Payable
• \$0 - \$6,000	Nil
• \$6,000 - \$37,000	Nil + 15% of excess over \$6,000
• \$37,001 - \$80,000	\$4,650 + 30% excess over \$37,000
• \$80,001 - \$180,000	\$17,550 + 37% of excess over \$80,000
• \$180,000+	\$54,550 + 45% of excess over \$180,000

- Low income tax offset will increase from \$1,350 to \$1,500 – this means a person can earn up to \$16,000 income with \$Nil tax payable

## Non-Resident Individuals

- The personal tax rates for non-residents for the year commencing 1 July 2010 will be as follows:

Taxable Income	Tax Payable
• \$0 - \$37,000	29%
• \$37,001 - \$80,000	\$10,730 + 30% of excess over \$37,000
• \$80,001 - \$180,000	\$23,630 + 37% of excess over \$80,000
• \$180,000+	\$60,630 + 45% of excess over \$180,000

## Medicare Levy

- Threshold increase to \$30,685 for individuals eligible for the senior Australians tax offset
- Applies from 1 July 2010
- Threshold increase to \$44,500 for couples eligible for the senior Australians tax offset
- Applies from 1 July 2010
- Low-income threshold increase to \$18,488 for individuals
- Applies from 1 July 2009
- Low-income threshold increase to \$31,196 for couples
- Applies from 1 July 2009
- Additional amount for each dependant child or student increase to \$2,865
- Applies from July 2009
- Low-income threshold increase to \$27,697 for pensioners below Age Pension age
- Applies from 1 July 2009

## Medical Expenses Rebate

- Threshold will increase from \$1,500 to \$2,000 before rebate of 20% is available
- Applies from 1 July 2010

## First Home Savers Account

- Savings can be paid into an approved mortgage after the end of a minimum period
- Government to release a draft ruling in the next couple of months

## GST

### GST margin scheme

- The government will clarify & simplify provisions
- Amendments will apply from 1 July 2012

### GST compliance

- ATO will be addressing fraudulent GST refunds, non-lodgement of GST returns and non-payment of GST debts

## OTHER

### ATO's cash economy crackdown

- The ATO will address small business operators who use cash transactions to avoid tax
- The tax office will be using data from credit cards, auction houses & car registrations to compare with tax records

### Child Care Rebate

- Capped at \$7,500 per child
- Applies from 1 July 2010

### Superannuation

- Super co-contribution matching rate to remain at 100%
  - Maximum co-contribution payable to remain at \$1,000 with no increase in 2013
  - Eligible income threshold for co-contribution to remain at \$31,920 with shade-out to \$61,920
  - \$500 to be contributed to super funds for employees earning up to \$37,000, to reduce 15% contributions tax on employer super to \$Nil
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- If you have any queries our would like any further details regarding the 2010 Federal Budget, please feel free to contact our team at dmca